

# The Money Laundry

## The Dirty Side of High Finance

*A quarter of the massive funds circulating the globe each year are the illicit proceeds of gun-running, drug-trafficking and money-laundering operations.*

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Ever since the Nugan Hand Bank affair of the late 1970s, bank crashes have followed a slick and familiar template. Narcotics trafficking, gun running, CIA covert ops, money laundering and fraud on a massive scale are just some of the ingredients that have sent bank after bank crashing to its knees. Once the smoke clears, bank depositors and shareholders are left picking up the tab.

With a spate of billion-dollar financial scandals hitting the headlines, 1995 wasn't such a good year for harassed bank regulators and shareholders. Calls for tougher regulation of the burgeoning financial markets in the wake of the Daiwa, Barings and other debacles are little more than PR palliatives designed to calm the nerves of a cynical public who still form the hard backbone of bank depositors. With the best will in the world, regulators can't keep pace with an evolving and sophisticated money machine that daily shuffles upwards of 24 billion E-bucks around the globe in the blink of an eye.<sup>1</sup>

Yet tough regulation, even when emplaced, is easily and regularly evaded. Banking and crime are Cimmerian handmaidens for the simple reason that banks are where the money is. Having access to the money and being 'connected' is the name of the game where the stakes are other people's money. This is the dark side of the financial community, a hidden face that largely goes unreported—until, that is, a major banking scandal hits the front pages. Squirming under the glare of public attention, successive bank disclosures have revealed the sinister connections that leading banks have with organised crime and the intelligence community. The money-shufflers of 'Spooksville' need 'black funds' to finance covert operations and appear happy to exchange guns and military hardware for dope that is, in turn, peddled for dollars used to finance other black operations. This happy-go-lucky 'Ferris wheel' approach to money-raising on the part of the intelligence community reveals a long history of entanglements with the Mafia.

Organised crime syndicates are now the single largest business sector on the planet and are set to grow. They just love banking. Having accumulated a staggering US\$820 billion from investment interest over the last decade, the Mafia is now estimated to earn US\$250 billion a year from its legitimate investments.<sup>2</sup> Dozens of nations who maintain strict bank secrecy laws are, *de facto*, providing full banking services to these mandarins of dirty money. A large number of banks are actually owned by Mafia syndicates.<sup>3</sup> Some of the largest and most respectable appear content to turn a blind eye and earn massive commissions from laundering dirty money.<sup>4</sup> The prudent image of bankers is just that: an image. Banking survives purely on depositor confidence, making it the biggest ongoing "confidence trick" the world has ever witnessed. That confidence has been dented by one scandal following on the heels of another.

### THE CIA'S HEROIN CONNECTION

One of the earliest scandals was the Nugan Hand Bank affair. Michael Hand, an ex-CIA operative from the Bronx, joined up in 1973 with Frank Nugan, an Australian playboy and inheritor of a Mafia fortune, and incorporated the Nugan Hand Bank. The bank sported an interesting and exclusive board of directors. President of the bank was (Retired) Rear Admiral Earl Yates, former chief of the US Navy's strategic planning. Legal counsel was the CIA's William Colby, and Walter McDonald, former deputy director of the spook agency, was listed as a consultant. An in-house commodity trader on the bank's payroll was also a leading heroin importer, while Richard Secord, later to be implicated in the Iran-Contra affair, was said to have a business connection.

Seven years later, the bank collapsed following the discovery of Frank Nugan's body slumped in his Mercedes. Clutching a gun in one hand and sporting a hole through the

head, Nugan was also holding a bible that contained an embarrassing list of names including William Colby, DCI of the CIA, and Bob Wilson, the House Armed Services Committee's ranking Republican. Others names listed had a variety of backgrounds, ranging from known narcotics traffickers, politicians and businessmen to personalities from sport and the media. Beside each name were listed amounts running into five and six numbers. Following public outrage, the US Senate held an investigation into Nugan Hand's operations. Amongst other things it discovered that the bank operated a branch in Chiang Mai, Thailand—heart of Triad country. The branch was dedicated to laundering the Golden Triangle's heroin revenue. Connected to the bank's office by an interconnecting door was the DEA's (Drug Enforcement Administration's) local office—premises that were also shared with the CIA.<sup>6</sup>

At about the same time that Frank Nugan's skull was developing powder-burns, Michele Sindona, a free-wheeling financial whiz-kid and *consigliere* for the Sicilian Mafia, had purchased New York's Franklin National Bank and driven it to the wall with losses totalling US\$40 million. Ranked the 29th largest bank in the US, the Franklin crash became the biggest on record at that time. Establishing a fictitious company, Fasco AG, in Liechtenstein, Sindona was able to obtain a majority interest in the Italy-based Banca Privata Finanziaria. BPA was an excellent acquisition for Sindona, for not only did it have a close relationship with Britain's blue-chip Hambros Bank but it also had a preferential partnership arrangement with Continental Illinois Bank of Chicago, owned and presided over by David Kennedy (later to become Finance Minister in the Nixon administration). Continental Illinois was later to crash spectacularly in the mid-'80s, only to be rescued with an estimated four billion US tax dollars.

#### MOBSTERS, MASONS AND THE ITALIAN CONNECTION

Described by *Time* magazine as "the greatest Italian since Mussolini", Sindona used his relationship with David Kennedy to get close to Bishop Paul Marcinkus, head of the Vatican Bank (the Institute for Religious Works [IOR]), and thereafter set in motion a tangled web of financial fraud that almost brought the IOR to its knees. His empire rapidly grew, pulling a number of financial

institutions into his ownership, including, in addition to his BPA, the Banca Unione, the Germany-based Wolf Bank, the Generale Immobiliare, Geneva's Finance Bank, Edilcentro, a finance company set up in the Bahamas, New York's Franklin National Bank plus 140 other companies spread throughout the globe.

Sindona's connection to the Mafia probably dates back to World War II when he joined in the Mafia preparations for American landings in Sicily. However, it was during the '70s that the Sicilian Mafia chose him as their money man. Four years later, in 1974, Don Michele's world began collapsing around him. It was later discovered he had been skimming off the mob's narcodollars which he was charged with laundering. Incarcerated in prison for his part in the Franklin Bank crash, Sindona was later found dead in his cell. A dose of strychnine laced in his coffee brought a 25-year sentence to an abrupt end.<sup>7</sup> If Sindona's death was anything, it was too late. His intimate involvement with another bank that crashed with massive losses was to have calamitous and far-reaching effects on Italy's ruling elite as well as the spooks of Langley.

Banco Ambrosiano was the largest private bank in Italy until it collapsed in 1982 with losses approaching a massive US\$2 billion. At the centre of the scandal was Roberto Calvi, Chairman of Ambrosiano and Lodge brother of Licio Gelli, the shadowy Grand Master of the Italian P2 (Propaganda 2) Masonic Lodge. Gelli, once an *Oberleutnant* in Himmler's SS, held the reins of power and knew how to use them—for which he was dubbed "The Puppet Master". A consummate blackmailer, he kept a secret record of wrongdoing of all those he came into contact with, and wasn't shy in using it to his advantage. P2's membership roll included highly placed politicians, cabinet members, heads of the Italian armed forces and the intelligence services, together with leading industrialists, media magnates, judges, Mafiosi, members of the Vatican Curia and, of course, high-flying financiers—including Sindona. P2's 'elite' membership, linked by their extreme right-wing political views, perfectly dovetailed with the CIA's long-standing desire to eradicate Communism from the Italian political scene.

The P2 and Banco Ambrosiano scandal broke when Calvi was found 'suicided' on 17th June 1982. With his hands tied behind his back and a rope around his neck, he had been suspended from London's Blackfriars Bridge in what some saw as a ritual killing. Calvi was P2's banker and had been involved in embezzling massive sums of money out of his bank and into secretive 'offshore' companies in Liechtenstein and elsewhere. A number of these companies were linked to the Vatican Bank. P2 was responsible for a number of CIA-backed political atrocities at the time, including the bombing of Bologna railway station in August 1980 where 85 innocents were slaughtered—and mischievously attributed to left-wing terrorists.

It took 10 years before the real story came out. Francesco Mannino Mannonia, a *penitito* (defector) from the Sicilian Mafia, confirmed in 1992 that Calvi was strangled by Francesco di Carlo, the mob's heroin 'traffic manager', at the instruction of Pippo Calo of the Corleone family. We now know that Calvi, together with Gelli and Sindona, was embezzling the Mafia out of a fortune. Gelli was 'handling' for the Corleonesi a large sum of money which he passed to



Roberto Calvi. (Source: *In God's Name*, by David A. Yallop)

Calvi who promptly used it to shore up his failing bank. Smart to the last, Gelli helped the mob recover "tens of billions of lire" before bolting out of sight.<sup>8</sup> Despite his best efforts, he was eventually arrested in Switzerland to where he had travelled to arrange the secret transfer of US\$120 million of Ambrosiano's lost loot. Bribing a guard with \$20,000, he managed to escape. Once over the French border, he climbed aboard a helicopter for the short trip to Monaco, home of P2's 'super-Lodge'. From Monaco he travelled to Paraguay—a favourite bolt-hole of many of his wartime Nazi comrades—and disappeared from sight. The missing billions have never been recovered.

The Ambrosiano affair was significant for revealing the web of interconnections that existed within Italy's ruling class. On the one hand, the CIA was using P2's 'covered' (secret) Lodge and illicit funds to conduct covert warfare on Italy's Communists. At the other extreme, it demonstrated the Mafia's total infiltration of Italian business and politics—a feat achieved following their induction into Masonry. Antonino Calderoni, a Mafia defector, revealed that, during 1977, Mafia bosses were formally invited to join a covered Masonic Lodge. They agreed to join on the understanding that they would learn the secrets of Masonry but would not reveal Mafia secrets. "Men of Honour who get to be bosses belong to the Masonry: this must not escape you," another Mafia defector, Leonardo Messina, revealed. "Because it is in the Masonry that we can have total contact with businessmen, with the institutions, with the men who administer power..." Messina went on to add that the Mafia's secret association with Masonry is "an obligatory passage for the Mafia on a world level".<sup>9</sup> Masons, like the intelligence community, bankers and the Mafia, share a common interest in secrecy. Similarly, they all have a common interest in money, especially other people's money.

### HISTORY'S BIGGEST-EVER SCAM

The 'connections' that had been forged and which lay behind Italy's greatest-yet banking debacle were to be re-enacted years later in America. The Savings and Loan (S&L) scam—by far the greatest banking rip-off of all time—sees the same cast of players at work. "Something very significant happened during our country's savings-and-loan crisis, the greatest financial disaster since the Great Depression. It happened quietly, secretly, without any fanfare and attention. It happened before our very eyes and we knew it not. What we missed was the massive transfer of wealth from the American taxpayer to a select group of extremely rich, powerful people." These ominous words opened the introduction to Pete Brewton's massively researched book, *The Mafia, CIA & George Bush—the untold story of America's greatest financial debacle*.<sup>10</sup> Brewton, an award-winning investigative journalist, spent years tracing the subterranean web of interconnections that sat at the heart of this affair that looted the American taxpayer of close to US\$1 trillion. However, there was more to the S&L affair than these words portrayed.

The "select group of extremely rich, powerful people" that Brewton fingers, includes the CIA, President George Bush, Senator Lloyd Bentsen, a swag-sack of other influential Texans

and well-known members of the Mafia. For the CIA, the group had access to a vast pool of 'black funds' that enabled it to engage in illegal activities including Iran-Contra and Middle East weapons deals. Brewton's all-too-realistic view is that this group of interconnected 'businessmen' recognised that the S&L industry was perfectly structured for a mammoth scam. Backed by government guarantees and regulators who would bow to the right kind of pressure, the S&Ls were like ripe plums waiting to be plucked.

Back in his VP days, Bush intervened with federal regulators in a corrupt Florida Savings and Loan that close friends, his sons Jeb and Neil, and a handful of Mafia associates were systematically plundering. The thrift eventually went belly-up to the tune of US\$700 million. For a man who regularly keeps a 'plausible deniability' diary, whose hidden background includes his CIA operational activities pre-dating his appointment to DCI by 15 years, and who, moreover, had questionable links to the pock-faced Panamanian dictator, Colombian cartel money-launderer and one-time CIA asset Col. Manuel Noriega, the thought of his sons cherry-picking thousand-dollar bills off the S&L money tree is all in a day's play.<sup>11</sup>

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In any complex financial scam, the really important question is to discover where the looted funds eventually come to rest. As with the Nugan Hand, Franklin and Ambrosiano debacles, this question has never been satisfactorily answered for the S&L scam. However, despite a perpetual smoke-screen, some interesting facts have emerged. In another Florida S&L bust that cost US\$200 million in a shady land-deal, the cash disappeared down the sunset trail of Du Pont's St Joe Paper Co. The trail went cold in Jersey, one of the Channel Islands. The Channel Isles have long been offshore tax havens with strict banking secrecy, and, as a consequence, a large contingent of foreign banks have offices there. It is now believed that the looted funds were ultimately used by CIA cut-outs to procure weapons for Iraq.<sup>12</sup>

A central figure in the S&L sale of the century was Walter Mischer, a close friend of Senator Lloyd Bentsen and a long-time 'acquaintance' of George Bush. Mischer was closely 'connected' to the New Orleans Marcello family, one of the most powerful Mafia families in the country. Never a 'one-family' man, he also did business with Mafia associates from New York and Chicago. Mischer is considered to be the most powerful man in Texas, and certainly one of the richest. His "I'm just a country boy" demeanour belies a sharp, analytical business mind and an icy streak of ruthlessness. With a finger in every pie, his influence stretches wide to include business, crime, finance, the intelligence community, and domestic and international politics. Brewton believes that Mischer "is without peer in Texas and perhaps in the entire country". Regarded as a pragmatist, he generally bets both ways in the political election stakes, placing money on both the rear- and fore-legs of the horse we've come to know as 'Demopublican' politics.

Another figure who weaved his crooked way through the S&L tale is Herman K. Beebe, the so-called "Godfather" of the dirty Texas S&Ls and associate of the Louisiana mob. Beebe and Mischer are long-term business associates. Coincidentally, Beebe also has known connections to the Marcello family. While both

men were busy 'burning out'<sup>13</sup> the odd couple of dozen Savings & Loans, Beebe was transferring US\$3 million in 'seed' money from his bank, Bossier Bank & Trust, to Harvey McLean, Jr to establish the small Washington, DC-based Palmer National Bank that boasted a board which at one time or another largely featured in the White House telephone directory. The board chairman, Stefan Halper, was a member of the Nixon White House. His father-in-law, Ray S. Cline, formerly Deputy Director of Intelligence at the CIA and one of the old OSS 'China' veterans, was a top foreign policy and defence adviser in the Bush presidential campaign. Other board members included John Barnum (Deputy Secretary of the Department of Transportation, 1974-77), Frederick V. Malek (Nixon's White House personnel chief and the Bush-Quayle campaign manager), William Kilberg (Department of Labor, 1973-77, and member of the Reagan-Bush transition team), and John A. Knebel (President Ford's Secretary of Agriculture).

Palmer National was the bank of choice for the National Endowment for the Preservation of Liberty's fund-raising activities that provided US\$10 million to Col. Oliver North's covert gun-running programme that saw weapons shipped south to Nicaragua and east to Iran. This operation was essentially the brainchild of former DCI William Casey who cunningly revived the old 'conduit' system of money laundering that had been used with great success during the '50s to fund secretly the Nazi war criminals recruited to spearhead the ex-SS 'freedom fighters' scheduled for deployment behind enemy lines in the event that the Soviets invaded Europe.<sup>14</sup> Casey used North as his cut-out, thus kick-starting the ongoing row between the Pentagon and the CIA about who should conduct 'covert ops'. North's superiors in the Pentagon have never forgiven him for being the CIA's manikin. At the same time, Ray Cline, who had retired from the CIA and formed a family-owned company called SIFT Inc., was 'advising' Major General John Singlaub—the principal operations officer in the Nicaraguan arms

affair.

While George Bush was wearing his S&L hat on his off-days, his all-singing, all-dancing, gun, dope 'n' money-laundering operations were about to receive a damaging blow as yet another massive financial scandal hit the front pages. Half a dozen regional offices of the Italy-based Banca Nazionale del Lavoro were raided by FBI agents following a tip-off from two junior officers of BNL Atlanta.<sup>15</sup> The BNL affair seamlessly follows the well-oiled template with the involvement of the CIA, Britain's SIS, US Presidents Reagan and Bush, British Prime Minister Thatcher, and

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two of Italy's most corrupt senior politicians, Bettino Craxi and the Mafia-linked Giulio Andreotti. It was to reveal the international covert network that was engaged in illegally shipping arms to Iraq's dictator, Saddam Hussein. Even during the height of *Operation Desert Storm*, CIA operatives were frantically attempting to put together an urgent assignment of US-made SAM missiles destined for Iraq's bloody war-machine. By a happy coincidence, BNL, owned by the Italian Treasury, was run by a close friend and Lodge brother of Andreotti. Alberto Ferrari,

who reigned as BNL's Director-General, was a notorious member of P2. Nor was he alone in his Masonic affiliations. BNL, dubbed "the bank of the P2", "was quickly shown to have among its upper echelons a veritable nest of P2 operatives..."<sup>16</sup> with intimate connections to the most powerful figures in successive US administrations.

#### THE COCAINE CONNECTION

Weapons-dealing is a highly lucrative 'inter-government' business and hundreds of billions of dollars are involved annually. Equally lucrative is the narcotics trade which generates a staggering US\$500 billion per annum.

As well as having a peripheral role in the Iraqi weapons affair, the Bank for Credit and Commerce International (BCCI)—known as the "Bank for Crooks and Criminals International"—became

one of the major money-laundering operations for the Colombian cartels. Many of the same old cast of players are found picking the bones out of this bank that collapsed with estimated debts in excess of \$10 billion. "BCCI was operated as a corrupt and criminal organisation throughout its entire 19-year history. It systematically falsified its records. It knowingly allowed itself to be used to launder the illegal income of drug-sellers and other criminals. And it paid bribes and kickbacks to public officials."<sup>17</sup>

Over a few short years, the BCCI affair would slowly swell to prodigious proportions, bringing numerous casualties in its wake. One of these was Clark Gifford, Chairman of First American Bancshares, friend of presidents and doyen of Washington insiders. Disgraced, Clifford and his prestigious Washington law-firm partner Robert



Altman walked away with a cool US\$18 million.<sup>18</sup> Few individuals or institutions who were touched by the scandal would wholly escape censure. BCCI's founder, Agha Hasan Abedi, assiduously courted power and influence. A close friend was former US President Jimmy Carter.

BCCI aggressively set out to launder the Colombian cartels' massive drugs money that would eventually see up to 40 other banks directly or peripherally involved—many of them blue-blooded luminaries of the banking firmament. Setting up a branch in Panama, BCCI soon cut a deal with Panama's Noriega, opening an account for him in the name of "Zorro". Dirty funds were collected and wired to Europe. From there, Certificates of Deposit (CDs) were issued that could be used as collateral against loans issued. Another technique involved cycling the money through an affiliated company, Capcom Financial Services, whose huge futures and options business was an ideal laundering vehicle.

Discontented with just the narcotics industry, BCCI developed close ties to the 'spook' community, maintaining accounts for Israel's Mossad, America's CIA, Britain's SIS, France's DGSE, plus the security services of Pakistan and Switzerland. The CIA's accounts with BCCI covered several years of covert operations on the part of that agency. Principally, payments were made to finance Afghan rebels and to bribe General Noriega. Almost unbelievably, BCCI's customers also included the notorious Abu Nidal terrorist organisation and the Iran-backed Hezbollah—long regarded as the arch enemies of the Western intelligence community. Abu Nidal's Fatah Revolutionary Council had a US\$60 million account at London's fashionable Sloane Street branch. At the same time, the bank was responsible for financing deals in which Mossad provided weapons to Arab terrorists. Peru, buckling under the burden of sovereign debt, used BCCI to hide its cash reserves away from the grasping hands of creditor banks.

Outdoing the security services of many small nations, the BCCI also ran its own global intelligence network, known as "the black network", employing an estimated 1,500 trained operatives. Based in Karachi, this was a network "of hand-picked individuals who underwent a one-year training course in psychological warfare, spying techniques and the use of firearms".<sup>19</sup>

When major banks aren't colluding with spooks and organised crime, they appear to settle back and engage in dubious 'in-house' business. Most don't hit the headlines, being swept away from the glare of the media by red-faced executives.

One of those that wasn't so lucky was Daiwa Bank Ltd. Squirming with loss of face, Daiwa executives announced to a round-mouthed media that Toshihide Iguchi, a small-time Japanese trader working out of Daiwa's New York office, had racked up a US\$1.1 billion loss trading US Treasury bonds. Stretching credulity beyond belief, Daiwa claimed that the 44-year-old Iguchi, following a modest trading loss of \$200,000, spent the next 11 years writing 30,000 "unauthorised" tickets in an attempt to reverse his misfortune. This equates to a staggering \$400,000 per trading day, making Iguchi one of the unluckiest suckers the world of high finance has ever encountered.

## THE BARINGS COVER-UP

Though for sheer bad luck we couldn't do much worse than Nick Leeson, the young and inexperienced British trader at Barings, Singapore, who, with the aid of a 'dump' account known as the "five eights"—signifying in Chinese superstition "all the luck"—bumped up losses of US\$1.6 billion over a three-year period, sending Barings crashing to its knees. Until then, Barings sat at the top of the British establishment tree as the oldest merchant bank in London. Dripping with history and dark secrets, Barings dated back to the mid-17th century. By modern standards it was a small bank with a net worth in the US\$600 million range but still managed to punch above its weight. That is, until it began speculating its depositors' and shareholders' money in Singapore's futures market, SIMEX. [See NEXUS vol. 3, nos. 2 and 3.]

All the signs are that the Barings affair is a straightforward case of 'bonus fever' amongst the senior executives who benefited from excessive annual bonuses. Nevertheless, there may be more to it than that. The fact that their inexperienced young SIMEX trader, Nick Leeson, didn't contribute one dime to the bank's bottom line throughout his three-year tenure as "the big swinging dick" on the

Singapore futures exchange is beside the point. Leeson contrived to report profits by creating false accounting entries, and thus, year on year, was able to conjure a host of ghost profits—carefully hiding his real month-on-month losses that eventually grew to a teeth-grinding US\$1.6 billion. His superiors, the bank's senior executives, delighted with the performance of their star in the east, awarded themselves bonuses of US\$1.6 million-plus for the year ending 1993. Despite crashing with massive losses, the directors walked to new jobs with the Dutch financial group ING which galloped to the rescue. Snug in their new sinecures, they negotiated US\$152 million in back bonuses covering the tragic year 1994—where reported earnings of US\$320 million in reality concealed accumulated losses of US\$260 million, which were soon to increase sixfold.

It is now clear that Leeson didn't operate alone. Those tagged with assisting and/or colluding with him include the CEO, Peter Norris, and the Director of Finance, Geoffrey Broadhurst.<sup>20</sup>

Discovering the degree of complicity involved at senior levels, 23 directors and senior staff were forced to resign by their new Dutch owners. This did not stop the Bank of England, Britain's banking regulator, from publishing a caveat-ridden and poorly investigated report. The report chronicles the Bank of England's less-than-zealous efforts to apportion blame to anyone other than Leeson, but does catalogue a list of impediments to its investigation. These include the accidental destruction of "significant classes" of records within the offices of Barings, London, which are cited as being "missing", "corrupted" or not "routinely retained". The sleuths of Threadneedle Street, however, did not once venture inside the door of Barings' offices during their entire investigation. Had they done so, it is not outside the realms of possibility that they may have discovered "significant classes" of documents corrupting away before their very eyes.

Importantly, nobody is saying which banks provided the immense funding that the Barings operation consumed. Nor is

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anybody revealing why these banks would so readily lend funds that amounted to a cool US\$1.4 billion to a small bank with an insignificant net worth. Seeking to clarify this point, I asked the Bank of England to name which banks provided funds to the group and whether they formed a formal or informal syndicate. I was politely told that "we don't have this information, but if we do it's confidential and not available". A curious answer indeed. Meanwhile, the only casualty besides, of course, the bank's shareholders—who, with unspeakably poor grace, continue to grumble about their missing US\$160 million—is Leeson. Found guilty and given a six-and-a-half-year sentence, he now resides in Singapore's Changi prison. Some believe he joins Daiwa's Iguchi as a scapegoat, demonstrating that when the bucks go down in the 'connected' world of high finance, those who have most to gain, do not.<sup>21</sup>

#### MORE MONEY SPENT ON DOPE THAN FOOD

The sheer volume of money skating around the world's financial markets is staggering, and a huge proportion of it is illegal. Of a massive US\$6 trillion that annually circulates the globe, one quarter—US\$1.5 trillion—is illicit, and a third of this, US\$500 billion, is narcodollars. US\$200 billion worth of narcotics are shipped to the US annually, roughly one third of the total annual import bill. Random forensic testing throughout the US reveals that virtually every single banknote contains microscopic traces of cocaine. Globally, more money is spent on dope than on food.<sup>22</sup> With these

sums at stake, banks and the financial community are, *de facto*, laundering dirty money.

Operating within the CIA is a small team known as the "Fifth Column". Staffed by experienced computer-hackers using a Cray supercomputer, this group tracks dirty money accumulated in secret offshore bank accounts by "scores of high-level US political figures".<sup>23</sup> Once the funds are tracked and the secret authorisation code located, the money is electronically swept up and deposited in the US Treasury. Intelligence sources estimate that in excess of US\$2 billion has been gathered in this manner, and none of the now-poorer high-profile figures is contemplating lodging complaints. Illegal? You betcha it is, but no more than any one of a dozen other operations that have previously come to light.

A great many more bank scandals can be expected in the coming years. Why this should be so is simple. It's not their money they're playing with. It's yours and mine. If a bank goes belly-up, culpable bank executives slide into other cushy jobs with other banks or disappear down the sunset trail toting a swag-bag of 'lost' loot—sometimes both. Simply stated, high finance is a 'connected' world where presidents touch shoulders with mobsters, bankers shake hands with Masons, regulators buckle under political pressure, law enforcement protects crime, the CIA 'does its thing', and fortunes can be and are won.

Bankers say of themselves that theirs is a "prudent" profession. In the last analysis, this is true. Nothing can be more prudent than playing with and losing other people's money. ∞

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#### Endnotes:

1. Following the Barings debacle, the Bank of England has told me that it will resist tougher regulation—fearing that this will drive financial institutions to less-regulated centres. (Phone conversation with this writer, December 1995.)
2. Sterling, Claire, *Crime Without Frontiers*, Little Brown, London, 1994.
3. Sterling, Claire, *op. cit.*, p. 23. See also p. 111, citing the Yakuza's near-miss attempt to take control of Parisbas, a leading French bank.
4. Kochan & Whittington, *Bankrupt: the BCCI Fraud*, Victor Gollancz, London, 1991, p. 96.
5. Sir Kit McMahon, former Chairman of Midland Bank Group Plc, stated during a British TV programme, broadcast in Autumn 1995, that banking is a "confidence trick".
6. Robinson, Jeffrey, *The Laundrymen*, Simon & Schuster, London, 1994, p. 266.
7. *Op. cit.*, p. 272.
8. Sterling, Claire, *op. cit.*, p. 203.
9. *Op. cit.*, pp. 63-64.
10. Brewton, Pete, *The Mafia, CIA & George Bush—the untold story of America's greatest financial debacle*, SPI Books, New York, 1992.
11. For a brief synopsis on Bush's secret background, see Mark Lane's *Plausible Denial* (Plexus Publishing, London, 1992, pp. 330-333).
12. Chapter 21 of Pete Brewton's book deals with this case in some detail (see Endnote 10).
13. "Burnout" is a mob scam where they acquire a failing company, boost its borrowing, strip its assets and then place it into voluntary liquidation.

- Obviously the creditors are left picking up the tab.
14. Loftus, John, *The Belarus Secret*, Paragon House, 1989. Casey, an old OSS warrior, saw no shame in using Nazi war criminals—many of them guilty of the most horrendous crimes against humanity—in his fervent anti-Communism. This view permeated the thinking of many of the old Cold Warriors in the CIA and elsewhere. The story of former Nazis connected to the P2, Banco Ambrosiano and BNL affairs remains largely untold.
  15. The BNL affair is covered in Alan Friedman's *Spider's Web* (Faber & Faber, London, 1993).
  16. *Op. cit.*, p. 85.
  17. Kochan & Whittington, *op. cit.*, p. 14. See also Adams and Frantz, *A Full Service Bank* (Simon & Schuster, London, 1991), on the BCCI affair.
  18. Kochan & Whittington, *ibid.*
  19. *Op. cit.*, p. 130.
  20. A finding of the *Singapore Report*, authored by Price Waterhouse, Singapore, on behalf of the Minister of Finance.
  21. Leeson and Iguchi are obviously culpable, but the point is that they did not act alone. This is the view of this writer, based on many years' experience working in international banking. In Leeson's case, the authors of the official *Singapore Report* make it clear that they share this view.
  22. Robinson, Jeffrey, *op. cit.*, p. 173.
  23. "Fostergate", *Unclassified*, No. 34, Fall 1995, pp. 6-9.

#### About the Author:

David Guyatt was born and educated in Hampshire, England. His career in the stockbroking, investment and banking industries has spanned 28 years, the last 12 of which he spent as a director and treasurer of a major British bank. There he gained insight into the world of international weapons financing and was familiar with all aspects of international capital, foreign exchange and money markets, with global trade finance his specialisation.

For the last five years, David has pursued a career as a freelance writer/researcher, writing or contributing to a number of screenplays, novels, documentaries and feature articles. He is currently researching high-tech, anti-personnel, electromagnetic weapons systems and their focus within 'black' mind-control/behaviour-modification programmes in the military and intelligence communities.

His other in-depth research project at present centres on the structure, power and hidden influence of elitist groups and inter-linking tax-exempt foundations, including RIIA (Chatham House), Council on Foreign Relations, Trilateralists, Bilderbergers, the shadowy "Le Cercle", the Rockefellers, Brothers Fund, Ford, Carnegie, Hoover, IMF, World Bank (*ad nauseum*)...